

Inflated Refund Claims

The Internal Revenue Service today warned taxpayers to be on the lookout for unscrupulous tax return preparers pushing inflated tax refund claims. This scam remains on the annual list of tax scams known as the “Dirty Dozen” for the 2015 filing season.

"Every filing season, scam artists lure victims in by promising outlandish refunds," said IRS Commissioner John Koskinen. "Taxpayers should be wary of anyone who asks them to sign a blank return, promise a big refund before looking at their records, or charge fees based on a percentage of the refund."

Compiled annually, the “Dirty Dozen” lists a variety of common scams that taxpayers may encounter any time but many of these schemes peak during filing season as people prepare their returns or hire someone to help with their taxes.

Illegal scams can lead to significant penalties and interest and possible criminal prosecution. IRS Criminal Investigation works closely with the Department of Justice (DOJ) to shutdown scams and prosecute the criminals behind them.

Don't Fall Victim to Promises of Outlandish Refunds

Scam artists routinely pose as tax preparers during tax time, luring victims in by promising large federal tax refunds or refunds that people never dreamed they were due in the first place.

Scam artists use flyers, advertisements, phony store fronts and even word of mouth to throw out a wide net for victims. They may even spread the word through community groups or churches where trust is high. Scammers prey on people who do not have a filing requirement, such as low-income individuals or the elderly. They also prey on non-English speakers, who may or may not have a filing requirement.

Scammers build false hope by duping people into making claims for fictitious rebates, benefits or tax credits. They charge good money for very bad advice. Or worse, they file a false return in a person's name and that person never knows that a refund was paid.

Scam artists also victimize people with a filing requirement and due a refund by promising inflated refunds based on fictitious Social Security benefits and false claims for education credits, the Earned Income Tax Credit (EITC), or the American Opportunity Tax Credit, among others.

The IRS sometimes hears about scams from victims complaining about losing their federal benefits, such as Social Security benefits, certain veteran's benefits or low-income housing benefits. The loss of benefits was the result of false claims being filed with the IRS that provided false income amounts.

While honest tax preparers provide their customers a copy of the tax return they've prepared, victims of scam frequently are not given a copy of what was filed. Victims also report that the fraudulent refund is deposited into the scammer's bank account. The scammers deduct a large “fee”

before paying victims, a practice not used by legitimate tax preparers.

The IRS reminds all taxpayers that they are legally responsible for what's on their returns even if it was prepared by someone else. Taxpayers who buy into such schemes can end up being penalized for filing false claims or receiving fraudulent refunds.

Taxpayers should take care when choosing an individual or firm to prepare their taxes. The IRS has a [list](#) of tips and [other resources](#) to help taxpayers select a qualified tax professional.